

## SUBCOMMITTEE RECESS

Senator McClure. The subcommittee will stand in recess until April 4, 1985, at 10 a.m., at which time the subcommittee will review the budget request for the Bureau of Indian Affairs.

Thank you.

[Whereupon at 3:40 p.m., Tuesday, April 2, the subcommittee was recessed, to reconvene at 10 a.m., Thursday, April 4.]

T-1175

# DEPARTMENT OF THE INTERIOR AND RELATED AGENCIES APPROPRIATIONS FOR FISCAL YEAR 1986

THURSDAY, APRIL 4, 1985

U.S. SENATE,

SUBCOMMITTEE OF THE COMMITTEE ON APPROPRIATIONS,

Washington, DC.

The subcommittee met at 10:05 a.m., in room SD-116, Dirksen Senate Office Building, Hon. James A. McClure (chairman) presiding.

Present: Senators McClure and Burdick.

## DEPARTMENT OF THE INTERIOR

### BUREAU OF INDIAN AFFAIRS

STATEMENT OF JOHN W. FRITZ, DEPUTY ASSISTANT SECRETARY, OPERATIONS

ACCOMPANIED BY THOMAS A. STANGL, BUDGET OFFICER

### PREPARED STATEMENT

Senator McClure. This is the time scheduled to review the fiscal year 1986 budget request for the Bureau of Indian Affairs. The fiscal year 1986 budget request for the Bureau of Indian Affairs totals \$927,417,000, a decrease of \$137,320,000 below fiscal year 1985 appropriations to date.

Mr. Fritz, of course, it is a pleasure to welcome you before this subcommittee again. Your complete opening statement will be included in the record at this point.

[The statement follows:]

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more than 53 million acres of land held in trust by the United States for Indian tribes and individuals. This money enables us to assist the tribes in management of their resources, but leaves many responsibilities to the tribes.

The Bureau is working to complete inventories and assessments and needed development plans. The Bureau is involved in developing rapid assessment methodologies utilizing the latest technologies (i.e., the Indian Integrated Resources Information Program) to reduce the costs in the completion of inventories and assessments as well as in efforts to assist in developing plans for tribal economic self-sufficiency. The work progresses more rapidly in those instances when the tribes are willing to invest some of their funds toward this vital work. The tribes are already playing a very active and generally positive role in the development and enhancement of trust resources.

A prime example of this increasing desire of tribes to control their own resources and business affairs is found in the cadastral surveys of Indian lands. Under this Administration, management initiatives in this program have resulted in an increase of almost 100 percent in the number of miles of boundary surveyed comparing FY 1981 to our estimate for FY 1986. This has been accomplished because the tribes have committed their own resources (such as staff, vehicles, housing, etc.) to survey projects conducted by the Bureau of Land Management (BLM) using BIA funds.

As a result of these tribal commitments, the BLM has been able to create "project offices" for the surveying of these lands and, consequently, to achieve considerable operational savings (such as, travel, space rentals, per diem, etc.). A project office is a temporary BLM organization established for a minimum period of time to survey a large tract of land. Project offices are now in existence in Arizona (Navajo land surveys), Maine (Penobscot and Passamaquoddy lands), and Minnesota (White Earth Chippewa lands). Without the establishment of land boundaries, development and enhancement of trust resources could not progress as rapidly as it has under this Administration.

A second example, involves the work done by the tribes in the State of Washington who are members of the Northwest Indian Fisheries Commission. They work with us, the State, and other organizations for the enhancement and protection of fisheries. Through tribal enhancement programs in 1983 more than 33 million salmon and steelhead were released into Washington waters. Since these programs are all under development and expanding, the performance will continue to improve in future years. Many of the tribes are also extensively involved in habitat surveys and the restoration of salmon and steelhead habitat through the clearing of blockages and stabilizing stream sides. The tribes are similarly participating in development of their forest lands, their minerals resources and agricultural lands.

#### Alaska Study

One of the most important pieces of legislation relating to American Native peoples in recent years is the Alaska Native Claims Settlement Act. During the past 18 months the Bureau of Indian Affairs and the Department have been at work on a report relative to the implementation and impact of that legislation on the lives of the Alaska Native people. As the report has been developed we have maintained close communications with both Alaska Native organizations and the State of Alaska. We recognize that the report and its recommendations are likely to have major impact on both of those groups and we are endeavoring to make certain that it will be as constructive and useful as possible. We anticipate this report will be submitted to Congress early this summer.

#### BIA Management

We have proposed a five percent program management and administrative services cost reduction in the request for central office and area office staffs. We expect, however, to continue to make further management improvements.

In 1984 the Congress directed BIA to revamp a poorly organized, inefficiently managed ADP system. I am happy to report that we now have an Office of Data

Systems (ODS) under competent professional direction carrying out the directives of Congress and moving us along the way to the kind of efficient, effective ADP system that we need.

The ODS has standardized hardware and software in our field centers, has begun standardizing our information systems, and is integrating our computing equipment into a useful network to facilitate the flow of management information to a diverse group of users at various levels of our organization. The ODS is planning the controlled introduction of microcomputers, in accordance with Departmental guidance, into the BIA in order to enhance productivity and reduce manual effort. Although some problems remain, the ODS has brought the Bureau's ADP program into compliance with the directives of Congress in a very short time. We will continue to adhere to those directives in the future.

Compliance with Federal Managers' Financial Integrity Act and OMB Circular A-123 to minimize waste, fraud and abuse has been given a high priority in the Bureau. They have been made a part of our management by objectives program and a critical element in the performance appraisal of all top managers of the Bureau. In the past two years, we have made significant progress in identifying internal control weaknesses and in correcting the underlying deficiencies. There are major initiatives in financial accounting, cash management and debt collection.

Bureau review teams are traveling to all Area Offices, the Central Office and post-secondary schools, as well as selected Agency operations, to pinpoint possible weaknesses in a wide range of internal control areas. These reviews will be complete in early May, and additional field training will be conducted before the end of the fiscal year. The General Accounting Office (GAO) recently examined our A-123 effort. Exit interviews indicate that GAO's auditors were highly satisfied with our overall activities in this area.

We have made measurable strides in reducing the backlog of unresolved audits. Since the beginning of FY 1985, the Bureau has made the changes necessary to resolve over 45% of the outstanding audits that were reported at the end of FY 1984. More importantly, the problems identified in these audits are being addressed in every instance for permanent resolution.

The Bureau is involved in two types of audits. The first type deals with all Federal funds going to Indian tribes. BIA is the lead Federal agency for the audits. Since the program began in 1982, 36% of the tribes now have in place finance systems which enable them to meet the requirements of accounting for Federal funds as outlined in OMB Circular A-102 (Attachment P). As increased attention is devoted to this matter and as more tribes develop integrated systems, we believe that those tribes required to implement the provisions of the Circular will be able to meet its requirements by the end of FY 1986.

The second type of audits involves reviews of BIA's internal and contract operations. It is well known that these audits have been identifying problems in BIA's operations for some time. During this Administration, such audits have received increased attention. BIA is devoting considerable resources to tracking implementation of corrections called for by audits. We will continue to improve audit performance and will continue to use audits as valuable management tools.

The Bureau has recently completed the design of an innovative personal property system which will enable us to effectively manage both owned and leased capital assets, including positive control of the automatic data processing equipment inventory and full integration with the finance system. This system, which is now being implemented, will eliminate the deficiencies which have been raised in many audit reports.

Our real property system accounting for Federal buildings and land areas has also been identified for redesign. The effort has been initiated and will be fully integrated with the inventory systems used by the facilities management program and with the finance system.

We are also involved in developing a basic procurement management system which

will be fully automated. The initial tests of this system are planned for this summer. We plan full implementation during FY 1986. Future plans will involve integrating the system with the finance and property management systems.

The Bureau is well into the process of enhancing its control of cash management. Audit findings and the Bureau's own reviews are being utilized to update and streamline cash management processes. We recognize that problems in cash management must be addressed systematically and that complete correction is a long-term goal. We are making every effort to correct and strengthen the system by taking those steps that can be accomplished immediately within the limits of the current budget. The area office A-123 reviews, mentioned above, include components aimed at ensuring compliance and uniformity with the streamlined cash management, debt collection and accounting system procedures. In addition, our debt collection efforts have reduced by 28% the outstanding debt owed to the Bureau. We expect to reduce the balance of this debt by 40% during this current fiscal year.

The Bureau retained nationally recognized accounting and investment firms to review BIA's management and investment of \$1.7 billion of Indian trust funds. The analysis rated BIA's investment performance very highly but found that BIA's cash management and accounting should be improved. Working with the Treasury Department, we have developed and sent for publication an announcement of our desire to receive private sector statements of capability and interest in upgrading BIA's performance in accounting, cash management and investment of trust funds. BIA will consider the private sector response in deciding whether to acquire assistance in trust fund management through contract. Any such contract would not begin until early FY 1986, after consultation with Indian tribes.

The recent Preston v. Heckler decision has created a mandate to develop qualification standards and intensified training for Indians for excepted appointment to Bureau positions. Over the past years the Bureau has already established 32 single-agency standards for jobs unique to its programs. We will be examining all of our remaining standards for applicability to Indian country. However, many of these will probably not need to be changed since tribal experience and culture would have no effect on performance (e.g., such technical jobs as engineers, accountants, personnelists, etc.). As a part of the Bureau's response to the court decision, we have been planning the development of an Indian Service Career Management System. This system will permit comprehensive management of job development, position content and specification, projection of position needs over time, as well as tracking the career development needs of the individual employee selected for any job. Use of the system should also improve recruitment efforts and the validity of performance appraisals.

BIA is also seeking significant increases in productivity in accordance with OMB Circular A-76 by identifying activities which can be performed more efficiently in other ways, including the possibility of turning them over to tribes, other Federal agencies or the private sector. For example, we are now undertaking major studies of the facilities management, ADP, appraisals, and quarters management programs with a view toward enhancing their productivity through changes in the way services are delivered.

#### Conclusion

This concludes my statement to the committee. I will be pleased to respond to any questions you may have.

#### INTRODUCTION OF ASSOCIATES

Senator McCURE. If you would introduce your associates who are likely to be testifying this morning, we will proceed directly to the questions.

Mr. FRITZ. Mr. Chairman, thank you very much. It's a pleasure to be here before you on behalf of the Department.

With me at the table is Mr. Thomas Stangl of the Bureau of Indian Affairs. He is the Bureau's Budget Officer.

Also present in the room, if we need to get into the details are various officials and senior people from the Bureau of Indian Affairs to answer questions. The directors and officers of the Bureau will go into details such as you require.

I would like to make one or two minor statements as we go into this. I believe we have a good sound budget for 1986. We have worked with the Department, within the administration, to allow us to pursue our ongoing thrust, that is, self-determination. We are attempting to continue to encourage economic development while protecting and providing for the essential trust services and other program services on the reservation.

We think this budget will meet the basic needs of the Bureau in its program areas. Obviously, we have to take into account the realization of the national budget picture as it currently exists today. I think we have done so. I think we have applied some cuts in recognition of this into the budget process. Frankly, I am very pleased with where we are. The Secretary and the administration have supported us extremely well. I appreciate the opportunity to be here and we will be happy to take any questions that you might have.

#### STANDARDS FOR NEW SCHOOL STARTS

Senator McCURE. The Department has recommended continuation of the moratorium on new contract school starts. One of the main reasons this language was included in the 1985 bill was the lack of standards for the establishment of new schools.

What progress has the Bureau made on the development of such standards and when could we expect such standards to be in place?

Mr. FRITZ. New contract school start standards are currently in process, as are a number of regulatory activities on the part of the Bureau of Indian Affairs, as reflected by the comprehensive opening statement that I gave you. We would anticipate that these would be on the ground sometime within the next 4 to 6 months; however, if that is the case, they really wouldn't be in effect until fiscal year 1987.

Senator McCURE. They have been in the process for well over a year. What is the trouble?

Mr. FRITZ. Just getting the appropriate amount of people to work. We've got people spread over a number of different regulatory activities, some of which are substantially old, as you are well aware.

Senator McCURE. I would assume then, that the new contract school starts standard is not a matter of high priority with you?

Mr. FRITZ. It is a matter of high priority.

Senator McCURE. Do all high priority matters take 1½ to 2 or more years to get done?

Mr. FRITZ. Unfortunately, when we have a limited number of people spread across the kind of programs that we have, it has taken a substantially longer time than we would like to see, Mr. Chairman. We are